GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:877
ANSWERED ON:22.11.2002
FORMULATION OF MANUFACTURING STRATEGY
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether there is a need to formulate a manufacturing strategy of various products in order to compete globally ;

(b) If so, the steps have been taken to that direction;

(c) whether any action is being implemented to ward off the threat from Chinese products; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) and (b): The globalization process, which is an integral part of the economic reforms being undertaken since 1991 require manufacturing units to restructure themselves in a way that increases their efficiency and competitiveness. Micro level restructuring is already taking place and the Government has taken measures to create an environment in which Industry can become efficient and competitive. Some of these measures are mentioned below:

Â§ Department of Industrial Policy and Promotion has entrustedsector-wise studies in respect of capital goods, pulp and paper and cement industries to organisations of international repute with a view to enhance the competitiveness of these industries.

Â§ The Government has announced guidelines for allowing 100% FDI in the development of integrated townships and regional urban infrastructure. This is expected to boost housing/real estate sector and also boost production in cement and steel sector.

Â§ To boost Foreign Institutional Investment (FII) in India, FII portfolio investments will not be subject to the sectoral limits for foreign direct investment except in specified sectors.

Â§ Kelkar Committee for Direct taxes and for Indirect taxes has recommended reforms, which are expected interalia to reduce transaction costs by 50%.

Â§ The RBI has continued its cheap money policy in its Mid-term review of monetary and credit policy for 2002-03. It has announced series of measures for developing technological and institutional infrastructure of the financial sector and for improving the credit delivery system.

Â§ The RBI has cut Cash Reserve Ratio (CRR) to 4.75 per cent from 5.0 percent, a move that will ease the liquidity position further.

Â§ The draft Electricity Bill has been introduced in the Parliament for facilitating comprehensive power sector reforms.

Â§ The Union Budget 2002-03 has made allocations towards some of the major schemes, which will boost demand especially in construction, housing, steel, and cement sectors. These schemes include PM`S Gram Sadak Yojana, Infrastructure Equity Fund, Urban Reform Incentive Fund, City Challenge Fund, and Accelerated Power Development Reform Programme.

Â§ Sector-wise strategies to boost production for exports in key sectors, which include engineering/electronic/electrical and allied, textiles, gems & jewellery, chemicals & allied sector have also been announced in the Medium Term Export Strategy for 2002-07.

(c) and (d) : There is no perceptible threat from Chinese goods to the overall industrial performance as the share of imports from China during 2001-02 has been 3.07% only. Industrial production, in fact, is growing since the beginning of the current financial year (2002-03) and grew by 5.2% in April-September, 2002. India`s overall exports have also grown by 13.49% over the corresponding period of 2001. As per the statistics of India-China trade, during the year 2001-02 compared to 2000-01, there has not been any surge of Indian imports compared to exports to China on an overall basis. The rate of growth of India exports to China during 2001-02 compared to 2000-01 was 11.33% compared to 11.54% for imports.

The measures taken by the Government against unduly cheep imports are in the nature of anti-dumping actions and bringing certain imports within the purview of Provisions of the Standards of Weights and Measures (Packaged Commodities) Rules, 1977. Other measures relate to packaging, specifications and quality standards. Director General of Anti-Dumping and Allied Duties (DGAD) has

initiated 61 anti- dumping cases against imports from China. In 45 cases final findings have been issued.